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| **True / False** |

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| 1. Financial literacy is your knowledge of facts, concepts, principles, and technological tools that are fundamental to be smart about money.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Recognize the keys to achieving financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *DATE CREATED:* | 9/20/2017 8:39 AM | | *DATE MODIFIED:* | 9/25/2017 12:24 AM | |

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| 2. Being financially responsible is being knowledgeable about facts, concepts, principles, and technological tools that are fundamental to be smart about money.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Recognize the keys to achieving financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | being financially responsibility means that you are accountable for your financial well-being and strive to make good financial decisions 1.1 | | *DATE CREATED:* | 9/20/2017 8:41 AM | | *DATE MODIFIED:* | 9/25/2017 12:31 AM | |

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| 3. Personal finance is the study of personal and family resources considered important in achieving financial success.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Recognize the keys to achieving financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | NOTES: 1.1 | | *DATE CREATED:* | 9/20/2017 8:45 AM | | *DATE MODIFIED:* | 9/25/2017 12:27 AM | |

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| 4. Financial success is marked by having high wealth.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Recognize the keys to achieving financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | financial success is the achievement of financial aspirations that are desired, planned, or attempted. 1.1 | | *DATE CREATED:* | 9/20/2017 8:47 AM | | *DATE MODIFIED:* | 9/25/2017 12:32 AM | |

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| 5. Financial security is marked by having high income.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Recognize the keys to achieving financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | financial security provides the comfortable feeling that your financial resources will be adequate to fulfill any needs you have as well as most of your wants. 1.1 | | *DATE CREATED:* | 9/20/2017 9:17 AM | | *DATE MODIFIED:* | 9/25/2017 12:32 AM | |

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| 6. By saving and investing, people are much more likely to have funds available for future consumption.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Recognize the keys to achieving financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.1 | | *DATE CREATED:* | 9/20/2017 9:27 AM | | *DATE MODIFIED:* | 9/25/2017 12:33 AM | |

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| 7. One's standard of living comprises all his or her current consumption.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Recognize the keys to achieving financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | current consumption is one's level of living. Standard of living is what you aspire to achieve. 1.1 | | *DATE CREATED:* | 9/20/2017 9:28 AM | | *DATE MODIFIED:* | 9/25/2017 12:33 AM | |

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| 8. Your standard of living is where you would like to be and your level of living is where you actually are.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Recognize the keys to achieving financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.1 | | *DATE CREATED:* | 9/20/2017 9:30 AM | | *DATE MODIFIED:* | 9/25/2017 12:34 AM | |

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| 9. You cannot build financial security or wealth unless you spend less than you earn.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Recognize the keys to achieving financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.1 | | *DATE CREATED:* | 9/20/2017 9:32 AM | | *DATE MODIFIED:* | 9/25/2017 12:35 AM | |

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| 10. A business cycle is a pattern of economic activity that includes an expansion, peak, contraction, and trough.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.2 | | *DATE CREATED:* | 9/20/2017 9:34 AM | | *DATE MODIFIED:* | 9/25/2017 12:35 AM | |

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| 11. The preferred stage of the economic cycle is the contraction phase.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | it is the expansion phase. 1.2 | | *DATE CREATED:* | 9/20/2017 9:36 AM | | *DATE MODIFIED:* | 9/25/2017 12:36 AM | |

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| 12. Since it is impossible to make precise forecasts about economic trends, indicators such as inflation and interest rates can be ignored when planning your finances.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | a reasoned and informed estimate of these indicators can and must be included 1.2 | | *DATE CREATED:* | 9/20/2017 9:39 AM | | *DATE MODIFIED:* | 9/25/2017 12:36 AM | |

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| 13. The typical U.S. recession is marked by an average economic decline of 6 percent.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | the average decline has been 2 percent although the most recent has been higher illustrating its severity. 1.2 | | *DATE CREATED:* | 9/20/2017 9:41 AM | | *DATE MODIFIED:* | 9/25/2017 12:36 AM | |

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| 14. The sum total of all economic activity is broadly measured by the gross domestic product.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.2 | | *DATE CREATED:* | 9/20/2017 9:49 AM | | *DATE MODIFIED:* | 9/25/2017 12:37 AM | |

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| 15. Procyclical economic indicators are those that predict a positive change in the economy.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | procyclical indicators move in the same direction as the economy whether up or down 1.2 | | *DATE CREATED:* | 9/20/2017 9:50 AM | | *DATE MODIFIED:* | 9/25/2017 12:38 AM | |

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| 16. The index of leading economic indicators is a composite index that suggests the future direction of the U.S. economy.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *DATE CREATED:* | 9/20/2017 9:52 AM | | *DATE MODIFIED:* | 9/25/2017 12:38 AM | |

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| 17. The index of leading economic indicators includes eight components of growth.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | the index of leading economic indicators includes 10 components of growth. 1.2 | | *DATE CREATED:* | 9/20/2017 9:56 AM | | *DATE MODIFIED:* | 9/25/2017 12:39 AM | |

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| 18. Leading economic indicators are those that do the best job of measuring the state of the economy at any point in time.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | leading economic indicators help predict how the economy will do in the future. 1.2 | | *DATE CREATED:* | 9/20/2017 9:58 AM | | *DATE MODIFIED:* | 9/25/2017 12:39 AM | |

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| 19. An example of inflation is an increase in the price of coffee or gasoline or some other commodity.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | inflation is a steady rise in the general level of price not just one or a few prices 1.2 | | *DATE CREATED:* | 9/20/2017 10:01 AM | | *DATE MODIFIED:* | 9/25/2017 12:40 AM | |

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| 20. Inflation is defined as a steady rise in the general level of prices.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.2 | | *DATE CREATED:* | 9/20/2017 10:04 AM | | *DATE MODIFIED:* | 9/25/2017 12:40 AM | |

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| 21. Deflation involves falling prices.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.2 | | *DATE CREATED:* | 9/20/2017 10:06 AM | | *DATE MODIFIED:* | 9/25/2017 12:41 AM | |

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| 22. Deflation occurs in an economy when there is a contraction in the money supply.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.2 | | *DATE CREATED:* | 9/20/2017 10:08 AM | | *DATE MODIFIED:* | 9/25/2017 12:42 AM | |

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| 23. Purchasing power is a measure of the goods and services that one’s income will buy.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.2 | | *DATE CREATED:* | 9/20/2017 10:09 AM | | *DATE MODIFIED:* | 9/25/2017 12:46 AM | |

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| 24. In times of moderate to high inflation, people on fixed incomes suffer.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.2 | | *DATE CREATED:* | 9/20/2017 10:13 AM | | *DATE MODIFIED:* | 9/25/2017 12:47 AM | |

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| 25. *Real income* and *nominal income* are two terms that reflect the actual purchasing power of one's income.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | only real income reflects the purchasing power of one's income by incorporating inflation into the assessment. 1.2 | | *DATE CREATED:* | 9/20/2017 10:14 AM | | *DATE MODIFIED:* | 9/25/2017 12:47 AM | |

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| 26. In times of high inflation, personal incomes generally keep up with the rate of inflation.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | when inflation is high real incomes cannot keep up. 1.2 | | *DATE CREATED:* | 9/20/2017 10:18 AM | | *DATE MODIFIED:* | 9/25/2017 12:52 AM | |

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| 27. The consumer price index is a broad measure of changes in the prices of all goods and services purchased for consumption by urban households.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.2 | | *DATE CREATED:* | 9/20/2017 10:20 AM | | *DATE MODIFIED:* | 9/25/2017 12:52 AM | |

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| 28. When prices rise, the purchasing power of the dollar declines by the same percentage.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | it declines by the reciprocal amount. 1.2 | | *DATE CREATED:* | 9/20/2017 10:22 AM | | *DATE MODIFIED:* | 9/25/2017 12:53 AM | |

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| 29. Interest is the price of money.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.2 | | *DATE CREATED:* | 9/20/2017 10:23 AM | | *DATE MODIFIED:* | 9/25/2017 12:54 AM | |

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| 30. Interest rates on home mortgages and other loans tend to fall during times of high inflation.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | interest rates rise as lenders try to compensate for the lower purchasing power of the dollar's with which they are repaid. 1.2 | | *DATE CREATED:* | 9/20/2017 10:25 AM | | *DATE MODIFIED:* | 9/25/2017 12:55 AM | |

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| 31. All things considered, a saver who earns 6 percent interest on a savings account when the rate of inflation is 6 percent is losing real purchasing power.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *DATE CREATED:* | 9/20/2017 10:27 AM | | *DATE MODIFIED:* | 9/25/2017 12:57 AM | |

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| 32. Smart investors recognize that the degree of inflation risk is higher for long-term lending than for short-term lending.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *DATE CREATED:* | 9/20/2017 10:29 AM | | *DATE MODIFIED:* | 9/26/2017 11:36 AM | |

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| 33. When forecasting long-term inflation rates for financial planning purposes, it is better to err on the high side rather than on the low side.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.2 | | *DATE CREATED:* | 9/21/2017 12:44 AM | | *DATE MODIFIED:* | 9/26/2017 11:36 AM | |

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| 34. Interest rates earned on short-term investments are generally lower than interest rates earned on longer-term investments.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.2 | | *DATE CREATED:* | 9/21/2017 12:46 AM | | *DATE MODIFIED:* | 9/25/2017 12:58 AM | |

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| 35. The rate of interest and the inflation rate generally move in opposite directions; when one goes up, the other goes down.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | rates of interest go up and down with the rate of inflation. 1.2 | | *DATE CREATED:* | 9/21/2017 12:48 AM | | *DATE MODIFIED:* | 9/26/2017 11:37 AM | |

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| 36. When one forgoes buying a new television set because he or she spends the money on college books, the television set is the opportunity cost of buying the books.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Think like an economist when making financial decisions | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.3 | | *DATE CREATED:* | 9/21/2017 12:49 AM | | *DATE MODIFIED:* | 9/26/2017 11:37 AM | |

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| 37. Opportunity costs are strictly financial in nature and do not involve personal tastes and preferences   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Think like an economist when making financial decisions | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | opportunity costs exist in many ways including financial impacts and time. 1.3 | | *DATE CREATED:* | 9/21/2017 12:50 AM | | *DATE MODIFIED:* | 9/25/2017 12:59 AM | |

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| 38. The opportunity cost of a decision is the value of the next best alternative that must be foregone.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Think like an economist when making financial decisions | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.3 | | *DATE CREATED:* | 9/21/2017 12:56 AM | | *DATE MODIFIED:* | 9/25/2017 12:59 AM | |

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| 39. Marginal cost is the incremental cost of one more incremental unit of something.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Think like an economist when making financial decisions | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.3 | | *DATE CREATED:* | 9/21/2017 12:58 AM | | *DATE MODIFIED:* | 9/25/2017 1:00 AM | |

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| 40. According to economic theory, people will seek additional utility as long as marginal utility exceeds marginal cost.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Think like an economist when making financial decisions | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.3 | | *DATE CREATED:* | 9/21/2017 1:00 AM | | *DATE MODIFIED:* | 9/25/2017 1:00 AM | |

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| 41. Most financially successful taxpayers have to pay federal income taxes at the 15 percent marginal tax rate.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Think like an economist when making financial decisions | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | financially successful taxpayers pay a marginal tax rate at 25% or higher although their average tax rate is lower. 1.3 | | *DATE CREATED:* | 9/21/2017 1:02 AM | | *DATE MODIFIED:* | 9/25/2017 1:01 AM | |

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| 42. Financially successful people often pay U.S. federal income taxes at the 25 percent, or higher, marginal tax rate.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Think like an economist when making financial decisions | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.3 | | *DATE CREATED:* | 9/21/2017 1:03 AM | | *DATE MODIFIED:* | 9/25/2017 1:02 AM | |

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| 43. One's average federal income tax rate is generally higher than one's marginal tax rate.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Think like an economist when making financial decisions | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | Average tax rates are lower than marginal tax rates because the marginal tax rate only applies to the highest segment of income. 1.3 | | *DATE CREATED:* | 9/21/2017 1:05 AM | | *DATE MODIFIED:* | 9/25/2017 1:04 AM | |

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| 44. Tax-sheltered income is preferable to tax-exempt income   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Think like an economist when making financial decisions | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | with tax-exempt income taxes are never owed but with tax-sheltered income taxes are usually only delayed. 1.3 | | *DATE CREATED:* | 9/21/2017 1:06 AM | | *DATE MODIFIED:* | 9/25/2017 1:06 AM | |

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| 45. Tax-exempt income is preferable to tax-sheltered income.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Think like an economist when making financial decisions | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.3 | | *DATE CREATED:* | 9/21/2017 1:08 AM | | *DATE MODIFIED:* | 9/25/2017 1:06 AM | |

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| 46. Simple interest is the interest computed on principal only, without adding the interest to the principal to determine future interest.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.4 | | *DATE CREATED:* | 9/21/2017 1:09 AM | | *DATE MODIFIED:* | 9/25/2017 1:07 AM | |

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| 47. The simple-interest formula assumes that the interest is withdrawn each year.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.4 | | *DATE CREATED:* | 9/21/2017 1:11 AM | | *DATE MODIFIED:* | 9/25/2017 1:07 AM | |

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| 48. Compounding occurs when earnings are withdrawn from a savings or investment account each period.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | to receive compounding of earning, the earnings must be kept in the account to earn future earnings. 1.4 | | *DATE CREATED:* | 9/21/2017 1:12 AM | | *DATE MODIFIED:* | 9/25/2017 1:11 AM | |

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| 49. Compound interest will produce larger investment values than simple interest.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.4 | | *DATE CREATED:* | 9/21/2017 1:14 AM | | *DATE MODIFIED:* | 9/25/2017 1:12 AM | |

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| 50. Simple interest is always assumed in time value of money calculations.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | time value of money calculations always assume compound interest. 1.4 | | *DATE CREATED:* | 9/21/2017 1:16 AM | | *DATE MODIFIED:* | 9/25/2017 1:13 AM | |

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| 51. Compound interest is the calculation of interest on interest as well as on the original investment.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.4 | | *DATE CREATED:* | 9/21/2017 1:17 AM | | *DATE MODIFIED:* | 9/25/2017 1:13 AM | |

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| 52. Compounding serves as the basis of all time value of money considerations.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.4 | | *DATE CREATED:* | 9/21/2017 1:19 AM | | *DATE MODIFIED:* | 9/25/2017 1:14 AM | |

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| 53. Future value is the valuation of an asset projected to the end of a particular time period in the future.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.4 | | *DATE CREATED:* | 9/21/2017 1:21 AM | | *DATE MODIFIED:* | 9/25/2017 1:15 AM | |

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| 54. Present value is also known as discredited value.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | present value is referred to as the discount value. 1.4 | | *DATE CREATED:* | 9/21/2017 1:23 AM | | *DATE MODIFIED:* | 9/25/2017 1:15 AM | |

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| 55. Present value is the current value of an asset (or stream of assets) that will be received in the future.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.4 | | *DATE CREATED:* | 9/21/2017 1:24 AM | | *DATE MODIFIED:* | 9/25/2017 1:16 AM | |

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| 56. The present value of an annuity is the current worth of a stream of payments to be received in the future.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.4 | | *DATE CREATED:* | 9/21/2017 1:26 AM | | *DATE MODIFIED:* | 9/25/2017 1:16 AM | |

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| 57. An employee benefit is compensation for employment that takes the form of wages, salaries, commissions, or other cash payments.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | employee benefits are non-cash compensation such as insurance and retirement plans. 1.5 | | *DATE CREATED:* | 9/21/2017 1:30 AM | | *DATE MODIFIED:* | 9/25/2017 1:17 AM | |

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| 58. Some employee benefits are tax-sheltered, such as flexible spending accounts and retirement plans.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *DATE CREATED:* | 9/21/2017 1:31 AM | | *DATE MODIFIED:* | 9/25/2017 1:17 AM | |

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| 59. A cafeteria plan, also known as a flexible benefit plan, is an employer-sponsored plan that gives the employee a choice of selecting either cash or one or more qualifying nontaxable benefits.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.5 | | *DATE CREATED:* | 9/21/2017 1:33 AM | | *DATE MODIFIED:* | 9/25/2017 1:18 AM | |

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| 60. A flexible spending account is an employer-sponsored account that allows employee-paid expenses for medical or dependent care to be paid with employee's pretax dollars rather than after-tax income.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.5 | | *DATE CREATED:* | 9/21/2017 1:36 AM | | *DATE MODIFIED:* | 9/25/2017 1:19 AM | |

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| 61. The limits on contributions to an HSA savings account are $3,300 per year for individuals and $6,150 for families.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.5 | | *DATE CREATED:* | 9/21/2017 1:37 AM | | *DATE MODIFIED:* | 9/25/2017 1:19 AM | |

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| 62. The tax advantage of a flexible spending account (FSA) occurs because the deducted amounts of salary avoid federal income tax, Social Security taxes, and, in most states, state income taxes, thereby allowing selected personal expenses to be paid with pretax income.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.5 | | *DATE CREATED:* | 9/21/2017 1:42 AM | | *DATE MODIFIED:* | 9/25/2017 1:23 AM | |

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| 63. You can save money on your cost of premiums for your employer-based health care plan by selecting a high-deductible health plan (HDHP).   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.5 | | *DATE CREATED:* | 9/21/2017 1:43 AM | | *DATE MODIFIED:* | 9/25/2017 1:24 AM | |

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| 64. Funds in a dependent care FSA account may be used to pay for the care of a dependent as long as he or she is younger than age 18.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | the age of the dependent is not at issue. It is the dependency status. 1.5 | | *DATE CREATED:* | 9/21/2017 1:45 AM | | *DATE MODIFIED:* | 9/25/2017 1:25 AM | |

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| 65. The amount you pay to purchase a health care plan is called the deductible.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | the deductible is the amount you pay towards a loss before benefits begin. 1.5 | | *DATE CREATED:* | 9/21/2017 1:46 AM | | *DATE MODIFIED:* | 9/25/2017 1:25 AM | |

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| 66. Premiums paid by a worker for disability and long-term care insurance are often more expensive when purchased through one's employer.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | they are usually less expensive; sometimes considerably so, due to the employer’s contributions. 1.5 | | *DATE CREATED:* | 9/21/2017 1:48 AM | | *DATE MODIFIED:* | 9/25/2017 1:26 AM | |

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| 67. Health savings accounts (HSAs) are intended for people who elect a high-deductible health care plan   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.5 | | *DATE CREATED:* | 9/21/2017 1:50 AM | | *DATE MODIFIED:* | 9/25/2017 1:27 AM | |

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| 68. According to Internal Revenue Service (IRS) regulations, unused contributions to a flexible spending account are forfeited and are not returned to the employee—a condition called the "use it or lose it" rule.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.5 | | *DATE CREATED:* | 9/21/2017 1:51 AM | | *DATE MODIFIED:* | 9/25/2017 1:28 AM | |

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| 69. 401(k), 403(b) and 457 plans are example of tax-sheltered retirement plans offered by employers.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.5 | | *DATE CREATED:* | 9/21/2017 2:12 AM | | *DATE MODIFIED:* | 9/25/2017 1:28 AM | |

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| 70. An advantage of an employer-sponsored tax-sheltered retirement plan is the tax-deferred growth of contributions and earnings.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.5 | | *DATE CREATED:* | 9/21/2017 2:13 AM | | *DATE MODIFIED:* | 9/25/2017 1:29 AM | |

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| 71. Retirement planning is a process that should begin three to five years before retirement.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | retirement planning should begin as soon as a person becomes financially independent. 1.5 | | *DATE CREATED:* | 9/21/2017 2:18 AM | | *DATE MODIFIED:* | 9/25/2017 1:30 AM | |

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| 72. Interest, dividends, and capital gains from investments in tax-sheltered retirement plans are tax-free.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | they are tax-sheltered meaning that the taxes are not assessed as the earnings are accumulated. 1.5 | | *DATE CREATED:* | 9/21/2017 2:20 AM | | *DATE MODIFIED:* | 9/25/2017 1:31 AM | |

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| 73. By law, employers are not permitted to "match" all or part of their employees' contributions, even if they wish to encourage saving for retirement.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | employers are allowed to match employee contributions and many do so and in effect providing free additional money to employees who themselves contribute into the plan. 1.5 | | *DATE CREATED:* | 9/21/2017 2:22 AM | | *DATE MODIFIED:* | 9/25/2017 1:31 AM | |

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| 74. When faced with an unexpected major expense, you should consider withdrawing money from your retirement plan.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | saving over long periods of time is the most effective way to save for retirement and any withdrawals force one to essentially start over. 1.5 | | *DATE CREATED:* | 9/21/2017 2:23 AM | | *DATE MODIFIED:* | 9/25/2017 1:32 AM | |

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| 75. Fee-based financial planners/brokers charge up-front fees for providing services and charge commissions on any securities trades or insurance purchases that they conduct on your behalf.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Identify the professional certifications of providers of financial advice | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.6 | | *DATE CREATED:* | 9/21/2017 2:25 AM | | *DATE MODIFIED:* | 9/25/2017 1:33 AM | |

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| 76. A commission-only financial planner/broker charges an up-front fee for providing services.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Identify the professional certifications of providers of financial advice | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | commission-only financial planners are compensated solely on commissions they receive from the financial products they sell 1.6 | | *DATE CREATED:* | 9/21/2017 2:30 AM | | *DATE MODIFIED:* | 9/25/2017 1:33 AM | |

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| 77. By law, all financial planners must be Certified Financial Planners (CFPs).   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Identify the professional certifications of providers of financial advice | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | obtaining any type of certification by professionals giving financial advice is strictly voluntary. 1.6 | | *DATE CREATED:* | 9/21/2017 2:31 AM | | *DATE MODIFIED:* | 9/25/2017 1:34 AM | |

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| 78. A financial planner who adheres to a fiduciary standard must always act in the best interest of the client regardless of how it might affect the advisor.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Identify the professional certifications of providers of financial advice | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.6 | | *DATE CREATED:* | 9/21/2017 2:33 AM | | *DATE MODIFIED:* | 9/25/2017 1:35 AM | |

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| 79. You would want your financial planner to provide you with an investment policy statement that details your investment philosophy, your financial situation, and the risks you are willing to take, as well as what the advisor will do for you.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Identify the professional certifications of providers of financial advice | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.6 | | *DATE CREATED:* | 9/21/2017 2:34 AM | | *DATE MODIFIED:* | 9/25/2017 1:36 AM | |

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| 80. Obsolete knowledge is that which we believe may have been valid at one time.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Recognize the keys to achieving financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | 1.1 | | *DATE CREATED:* | 9/21/2017 2:49 AM | | *DATE MODIFIED:* | 9/25/2017 1:38 AM | |

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| 81. Financial well-being is a state in which a person can feel secure in his or her financial future.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Recognize the keys to achieving financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.1 | | *DATE CREATED:* | 9/21/2017 2:51 AM | | *DATE MODIFIED:* | 9/25/2017 1:42 AM | |

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| 82. The U.S. economy is capitalism.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.2 | | *DATE CREATED:* | 9/21/2017 2:52 AM | | *DATE MODIFIED:* | 9/25/2017 1:39 AM | |

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| 83. Sharing economy refers to P2P sharing of access to goods and services.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.3 | | *DATE CREATED:* | 9/21/2017 2:54 AM | | *DATE MODIFIED:* | 9/25/2017 1:40 AM | |

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| 84. A match is an employer contribution according to the amount the employee contributes.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic1.5 | | *NOTES:* | 1.5 | | *DATE CREATED:* | 9/21/2017 2:56 AM | | *DATE MODIFIED:* | 9/25/2017 1:40 AM | |

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| 85. A nudge is a policy of employers and/or the government to help get consumers to do what is good for them.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | True / False | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | 1.5 | | *DATE CREATED:* | 9/21/2017 2:58 AM | | *DATE MODIFIED:* | 9/25/2017 1:41 AM | |

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| **Multiple Choice** |

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| 86. The study of personal finance involves how people \_\_\_\_\_ their financial resources.   |  |  |  | | --- | --- | --- | |  | a. | spend | |  | b. | save | |  | c. | invest | |  | d. | All of these. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Recognize the keys to achieving financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | and it also includes how they protect their financial resources. 1.1 | | *DATE CREATED:* | 1/17/2017 6:50 AM | | *DATE MODIFIED:* | 2/8/2017 11:50 PM | |

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| 87. Mike and Patty are saving monthly so they can buy a home, but they are currently renting an apartment. The apartment is part of   |  |  |  | | --- | --- | --- | |  | a. | their standard of living. | |  | b. | their level of living. | |  | c. | their savings. | |  | d. | personal inflation rate. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Recognize the keys to achieving financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | because it is part of their current financial situation rather than what they aspire to. 1.1 | | *DATE CREATED:* | 1/17/2017 6:52 AM | | *DATE MODIFIED:* | 1/17/2017 6:54 AM | |

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| 88. Financial objectives are rarely achieved without restraining   |  |  |  | | --- | --- | --- | |  | a. | current consumption. | |  | b. | savings. | |  | c. | investment. | |  | d. | future earnings. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Recognize the keys to achieving financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | one must spend less than is earned in order to achieve financial success. 1.1 | | *DATE CREATED:* | 1/17/2017 6:54 AM | | *DATE MODIFIED:* | 1/17/2017 6:55 AM | |

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| 89. Financial success is defined as the achievement of   |  |  |  | | --- | --- | --- | |  | a. | a financially secure retirement. | |  | b. | financial aspirations that are desired, planned, or attempted. | |  | c. | vast wealth | |  | d. | a comfortable lifestyle. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Recognize the keys to achieving financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | not everyone describes success as being wealthy. 1.1 | | *DATE CREATED:* | 1/17/2017 6:55 AM | | *DATE MODIFIED:* | 1/17/2017 6:59 AM | |

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| 90. Which of the following should be the easiest for a person to forecast?   |  |  |  | | --- | --- | --- | |  | a. | Income | |  | b. | Inflation | |  | c. | Interest rates | |  | d. | Economic growth |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | primarily because the other options are beyond one's personal control. 1.2 | | *DATE CREATED:* | 1/17/2017 6:59 AM | | *DATE MODIFIED:* | 1/17/2017 7:00 AM | |

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| 91. The preferred phase of the economic cycle is   |  |  |  | | --- | --- | --- | |  | a. | expansion | |  | b. | peak | |  | c. | trough | |  | d. | contraction |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | expansion is when the economy is growing and interest rates, inflation and unemployment are low. 1.2 | | *DATE CREATED:* | 1/17/2017 7:01 AM | | *DATE MODIFIED:* | 1/17/2017 7:04 AM | |

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| 92. During expansion, which of the following is high?   |  |  |  | | --- | --- | --- | |  | a. | Unemployment | |  | b. | Inflation | |  | c. | Interest rates | |  | d. | Retail sales |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | a, b, and c are low during expansion. 1.2 | | *DATE CREATED:* | 1/17/2017 7:04 AM | | *DATE MODIFIED:* | 1/17/2017 7:06 AM | |

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| 93. The economic phase with conditions making it easy for consumers to buy homes, cars, and other goods is called   |  |  |  | | --- | --- | --- | |  | a. | expansion. | |  | b. | trough. | |  | c. | peak. | |  | d. | contraction. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | this is due to low interest rates and inflation during expansion. 1.2 | | *DATE CREATED:* | 1/17/2017 7:06 AM | | *DATE MODIFIED:* | 1/17/2017 7:07 AM | |

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| 94. Interest rates and inflation climb at what phase of the economic cycle?   |  |  |  | | --- | --- | --- | |  | a. | expansion. | |  | b. | peak. | |  | c. | contraction. | |  | d. | trough. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | a peaking expansion puts pressure on prices and interest rates. 1.2 | | *DATE CREATED:* | 1/17/2017 7:08 AM | | *DATE MODIFIED:* | 1/17/2017 7:09 AM | |

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| 95. Which of the following statements is correct?   |  |  |  | | --- | --- | --- | |  | a. | Long-term interest rates are generally higher than short-term interest rates. | |  | b. | Stock market investors are positively affected when inflation rises. | |  | c. | The degree of inflation risk is higher for short-term lending. | |  | d. | During times of high inflation, interest rates on new loans for cars, homes, and credit cards fall. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | because lenders are less able to make accurate predictions about inflation. 1.2 | | *DATE CREATED:* | 1/17/2017 7:09 AM | | *DATE MODIFIED:* | 1/17/2017 7:11 AM | |

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| 96. The Great Recession that began in December, 2007   |  |  |  | | --- | --- | --- | |  | a. | lasted eighteen months. | |  | b. | lasted eighteen months. | |  | c. | lasted 4 years. | |  | d. | continues to this day. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | the actual recession lasted 18 months with slow growth for 4-5 more years. 1.2 | | *DATE CREATED:* | 1/17/2017 7:15 AM | | *DATE MODIFIED:* | 1/17/2017 7:18 AM | |

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| 97. A good time to invest in stocks is when the economy is   |  |  |  | | --- | --- | --- | |  | a. | in the prosperity of the expansion stage. | |  | b. | in the trough of a recession. | |  | c. | in a depression. | |  | d. | entering the recovery stage. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | as stock prices are lowest at this point and poised for a rebound. 1.2 | | *DATE CREATED:* | 1/17/2017 7:19 AM | | *DATE MODIFIED:* | 1/17/2017 7:20 AM | |

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| 98. The two statistics one should track to understand the future direction of the economy are   |  |  |  | | --- | --- | --- | |  | a. | interest rates and inflation. | |  | b. | interest rates and the gross domestic product. | |  | c. | the consumer confidence index and the index of leading economic indicators. | |  | d. | inflation and the index of leading economic indicators. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | of the choices offered, only c includes statistics that predict future direction of the economy. 1.2 | | *DATE CREATED:* | 1/17/2017 7:20 AM | | *DATE MODIFIED:* | 1/17/2017 7:23 AM | |

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| 99. The statistic that measures the value of all goods and services produced in the United States is the   |  |  |  | | --- | --- | --- | |  | a. | consumer price index. | |  | b. | index of leading economic indicators. | |  | c. | federal funds rate. | |  | d. | gross domestic product. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | choices a, b, and c provide important information but do not measure the value of goods and services produced. 1.2 | | *DATE CREATED:* | 1/17/2017 7:25 AM | | *DATE MODIFIED:* | 1/17/2017 7:27 AM | |

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| 100. Which of the following economic indicators tends to move in the opposite direction of where the economy is headed?   |  |  |  | | --- | --- | --- | |  | a. | procyclical indicators | |  | b. | employment rate | |  | c. | gross domestic product | |  | d. | counter cyclical indicators |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | choices a, b, and c tend to move in the same direction that the economy is headed. 1.2 | | *DATE CREATED:* | 1/17/2017 7:27 AM | | *DATE MODIFIED:* | 1/17/2017 7:29 AM | |

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| 101. Rick Palmer received a $2,500 raise this year. This increased his salary as an associate TV producer from $45,000 to $47,500. What percentage increase in nominal income did Rick receive?   |  |  |  | | --- | --- | --- | |  | a. | 2.5 percent | |  | b. | 5.3 percent | |  | c. | 5.6 percent | |  | d. | 7.8 percent |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | ($2,500 / $45,000) 1.2 | | *DATE CREATED:* | 1/17/2017 7:29 AM | | *DATE MODIFIED:* | 1/17/2017 7:30 AM | |

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| 102. Jeremiah and Sara's family income increased from $60,000 to $63,000 in the past year. Inflation was 2 percent over the same time period. Which of the following is true regarding Jeremiah and Sara's income?   |  |  |  | | --- | --- | --- | |  | a. | Their nominal income increased 4.8 percent. | |  | b. | Their nominal income increased 5 percent. | |  | c. | Their real income decreased 2 percent. | |  | d. | Their real income decreased 5 percent. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | $3,000 / $60,000 1.2 | | *DATE CREATED:* | 1/17/2017 7:31 AM | | *DATE MODIFIED:* | 1/17/2017 7:33 AM | |

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| 103. How much is Jeremiah and Sara's real income after the $3,000 increase in income?   |  |  |  | | --- | --- | --- | |  | a. | $63,000 | |  | b. | $61,765 | |  | c. | $60,000 | |  | d. | $58,824 |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | $63,000 / (1.0 + 0.02) 1.2 | | *DATE CREATED:* | 1/17/2017 7:33 AM | | *DATE MODIFIED:* | 1/17/2017 7:35 AM | |

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| 104. If your income increased from $23,000 to $26,000 during a period when the rate of inflation was 4 percent, your real income after the raise was   |  |  |  | | --- | --- | --- | |  | a. | $23,000. | |  | b. | $24,000. | |  | c. | $25,000. | |  | d. | $26,000 |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | $26,000 / (1 + 0.04) 1.2 | | *DATE CREATED:* | 1/17/2017 7:35 AM | | *DATE MODIFIED:* | 1/17/2017 7:37 AM | |

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| 105. Arvi, a college teaching assistant, received a raise of $800 from $18,000 to $18,800 this year. If inflation was 3 percent over the same period, which of the following is true?   |  |  |  | | --- | --- | --- | |  | a. | Arvi's increase in real income was $800. | |  | b. | Arvi's increase in real income was 4.4 percent. | |  | c. | Arvi's increase in real income was $252. | |  | d. | Arvi's increase in real income was $252. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | ($18,800 / 1.03) − $18,000 1.2 | | *DATE CREATED:* | 1/17/2017 7:37 AM | | *DATE MODIFIED:* | 1/17/2017 7:38 AM | |

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| 106. The U.S. government measures inflation using   |  |  |  | | --- | --- | --- | |  | a. | the gross domestic product. | |  | b. | the index of leading economic indicators. | |  | c. | the consumer price index. | |  | d. | the consumer confidence index. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | the CPI measures the price changes in a representative market basket of goods and services that households purchase. 1.2 | | *DATE CREATED:* | 1/17/2017 7:38 AM | | *DATE MODIFIED:* | 2/8/2017 11:55 PM | |

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| 107. If the consumer price index was 232 in 2013 and 244 in 2015, how much did prices increase during this time period?   |  |  |  | | --- | --- | --- | |  | a. | 4.9 percent | |  | b. | 5.2 percent | |  | c. | 6 percent | |  | d. | 12 percent |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | (244 − 232) / 232 1.2 | | *DATE CREATED:* | 1/18/2017 12:36 AM | | *DATE MODIFIED:* | 1/18/2017 12:38 AM | |

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| 108. If the consumer price index was 100 in 1984 and 244 in 2015, how much did prices increase during this period?   |  |  |  | | --- | --- | --- | |  | a. | 36 percent | |  | b. | 72 percent | |  | c. | 144 percent | |  | d. | 244 percent |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | (244 − 100) / 100 1.2 | | *DATE CREATED:* | 1/18/2017 12:39 AM | | *DATE MODIFIED:* | 1/18/2017 12:41 AM | |

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| 109. If the consumer price index was 100 in 1984 and 244 in 2015, the purchasing power of the dollar   |  |  |  | | --- | --- | --- | |  | a. | fell 144 percent. | |  | b. | fell 59 percent. | |  | c. | rose 144 percent. | |  | d. | rose 59 percent. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | 1.0 − (100 / 244) 1.2 | | *DATE CREATED:* | 1/18/2017 12:41 AM | | *DATE MODIFIED:* | 1/18/2017 12:48 AM | |

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| 110. The rate of increase in prices of items purchased by a particular individual is called the   |  |  |  | | --- | --- | --- | |  | a. | federal funds rate. | |  | b. | consumer confidence index. | |  | c. | personal inflation rate. | |  | d. | consumer price index. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | choices a, b, and c are statistics that measure economic information for the country as a whole. 1.2 | | *DATE CREATED:* | 1/18/2017 12:48 AM | | *DATE MODIFIED:* | 1/18/2017 12:50 AM | |

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| 111. Harper earned $48,000 in 2014. If inflation was 3 percent that year and continued at that rate how long would it take for the purchasing power of that level of income to be cut in half?   |  |  |  | | --- | --- | --- | |  | a. | 33 years | |  | b. | 24 years | |  | c. | 23 years | |  | d. | 3 years |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | 70 / 3; based on the Rule of 70. 1.2 | | *DATE CREATED:* | 1/18/2017 1:29 AM | | *DATE MODIFIED:* | 1/18/2017 1:30 AM | |

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| 112. A rising inflation rate is good news for   |  |  |  | | --- | --- | --- | |  | a. | stock investors. | |  | b. | borrowers. | |  | c. | savers. | |  | d. | lenders. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | as their loans will be paid back with dollars that are worth less. 1.2 | | *DATE CREATED:* | 1/18/2017 1:33 AM | | *DATE MODIFIED:* | 1/18/2017 1:34 AM | |

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| 113. Which of the following is the one key interest rate to focus on when trying to forecast interest rate trends in the future?   |  |  |  | | --- | --- | --- | |  | a. | Prime rate | |  | b. | Federal funds rate | |  | c. | Discount rate | |  | d. | Mortgage rate |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | the federal funds rate is the driver for all the other interest rates. 1.2 | | *DATE CREATED:* | 1/18/2017 1:35 AM | | *DATE MODIFIED:* | 1/18/2017 1:36 AM | |

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| 114. Why do rising interest rates generally depress stock prices?   |  |  |  | | --- | --- | --- | |  | a. | Businesses have to pay higher interest rates to borrow money, thus reducing their profits. | |  | b. | Stock investors tend to take their money out of the stock market and invest in interest-paying investments. | |  | c. | Future earnings will not be worth as much as today. | |  | d. | All of these. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | high interest rates put a strong damper on economic activity across the board. 1.2 | | *DATE CREATED:* | 1/18/2017 1:37 AM | | *DATE MODIFIED:* | 2/8/2017 11:58 PM | |

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| 115. Jim spent $300 on some new clothes rather than using this money to going to his college team’s away game last weekend. The benefits of the trip are the \_\_\_\_ cost of buying the clothing.   |  |  |  | | --- | --- | --- | |  | a. | marginal | |  | b. | utility | |  | c. | opportunity | |  | d. | present |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Think like an economist when making financial decisions | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | buying the clothing precluded his ability to take the trip. 1.3 | | *DATE CREATED:* | 1/18/2017 1:39 AM | | *DATE MODIFIED:* | 2/8/2017 11:59 PM | |

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| 116. Bill and Alma are shopping for their first home. They have found two houses that are nearly identical except for their locations. One house costs $250,000 and is 15 miles from their places of employment. The second house costs $275,000, but it is within 5 miles of where they both work. Now Bill and Alma are trying to decide if living 10 miles closer to their workplaces is worth the extra $25,000 in the cost of the house. Which decision-making concept are they using?   |  |  |  | | --- | --- | --- | |  | a. | Opportunity cost | |  | b. | Marginal analysis | |  | c. | Time value of money | |  | d. | Total utility |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Think like an economist when making financial decisions | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | comparing the relative costs and benefits of a purchase uses marginal analysis. 1.3 | | *DATE CREATED:* | 1/18/2017 1:41 AM | | *DATE MODIFIED:* | 1/18/2017 1:44 AM | |

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| 117. Brice is going to purchase a hi-def, flat-screen TV. He has decided on everything except the screen size. The unit with the 42-inch screen costs $600 while the unit with the 47-inch screen costs $750. In making this decision, which concept should Brice use?   |  |  |  | | --- | --- | --- | |  | a. | Marginal utility | |  | b. | Time value of money | |  | c. | Total utility | |  | d. | Marginal tax rates |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Think like an economist when making financial decisions | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | the $150 additional (marginal) cost must be compared to the additional (marginal) utility of the larger screen. 1.3 | | *DATE CREATED:* | 1/18/2017 1:44 AM | | *DATE MODIFIED:* | 2/9/2017 12:00 AM | |

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| 118. Dan just received a $2,000 end-of-year bonus from his employer. If he pays a 25 percent marginal tax rate for federal income taxes, his state income tax is 5 percent, and the Social Security tax rate is 7.65 percent, approximately how much of the $2,000 bonus will Dan have left to spend on holiday gifts?   |  |  |  | | --- | --- | --- | |  | a. | $2,000 | |  | b. | $1,400 | |  | c. | $1,247 | |  | d. | $753 |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Think like an economist when making financial decisions | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | $2000 x (1.0 − .25 − .05 − .07650) 1.3 | | *DATE CREATED:* | 1/18/2017 1:48 AM | | *DATE MODIFIED:* | 1/18/2017 1:50 AM | |

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| 119. Donald is a college student who has $4,000 in savings that he earned from his summer job. He plans to leave the $4,000 in a 6 percent certificate of deposit (CD) for three years, but his banker has asked Donald whether he wants the interest earned on the CD mailed to him at the end of each year or reinvested in the CD. Approximately how much more will Donald earn if he decides to reinvest the interest rather than withdrawing the interest income each year?   |  |  |  | | --- | --- | --- | |  | a. | $14 | |  | b. | $44 | |  | c. | $144 | |  | d. | $240 |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | [($4,000 x 1.06 x 1.06 x 1.06) - $4,000] − ($4,000 x .06 x 3) 1.4 | | *DATE CREATED:* | 1/18/2017 2:09 AM | | *DATE MODIFIED:* | 1/18/2017 2:11 AM | |

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| 120. Grandmother Smith has just put $12,000 into an investment earning 6 percent a year for her granddaughter's college education. Approximately how much will be in the account in ten years assuming all the interest is left in the account?   |  |  |  | | --- | --- | --- | |  | a. | $19,200 | |  | b. | $21,490 | |  | c. | $16,320 | |  | d. | $21,259 |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | $12,000 x 1.7908 from Appendix A.1 or $12,000 x 1.0610 1.4 | | *DATE CREATED:* | 1/18/2017 2:11 AM | | *DATE MODIFIED:* | 1/18/2017 2:13 AM | |

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| 121. Betty and Bill just won $10,000 in the Pennsylvania state lottery. They decide to spend $3,000 now and put the remaining $7,000 in an investment earning 8 percent compounded annually. If they use the money in that investment for a vacation in five years, approximately how much will they have available to spend on that vacation?   |  |  |  | | --- | --- | --- | |  | a. | $14,693 | |  | b. | $10,342 | |  | c. | $10,285 | |  | d. | $9,800 |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | $7,000 x 1.4693 from Appendix A.1 or $7,000 x 1.085 1.4 | | *DATE CREATED:* | 1/18/2017 2:13 AM | | *DATE MODIFIED:* | 1/18/2017 2:15 AM | |

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| 122. Housing values are appreciating at a rate of 3 percent a year. Approximately how much will your $100,000 house be worth in ten years if this rate of appreciation continues?   |  |  |  | | --- | --- | --- | |  | a. | $134,390 | |  | b. | $146,320 | |  | c. | $155,080 | |  | d. | $174,410 |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | $100,000 x 1.3439 from Appendix A.1 or $100,000 x 1.0310 1.4 | | *DATE CREATED:* | 1/18/2017 2:15 AM | | *DATE MODIFIED:* | 1/18/2017 2:16 AM | |

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| 123. Paul invested $10,000 in a security that will double in value in ten years. Approximately what annual rate of return is this investment making?   |  |  |  | | --- | --- | --- | |  | a. | 10.0 percent | |  | b. | 7.2 percent | |  | c. | 6.3 percent | |  | d. | 5.8 percent |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | based on the Rule of 72. 1.4 | | *DATE CREATED:* | 1/18/2017 2:16 AM | | *DATE MODIFIED:* | 1/18/2017 2:18 AM | |

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| 124. If over the past few years, the price of houses has been increasing at an annual rate of 4 percent nationally. How many years will it take for costs to double at this rate?   |  |  |  | | --- | --- | --- | |  | a. | 7 | |  | b. | 9 | |  | c. | 15 | |  | d. | 18 |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | 72 / 4 1.4 | | *DATE CREATED:* | 1/18/2017 3:26 AM | | *DATE MODIFIED:* | 1/18/2017 3:28 AM | |

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| 125. Lisa Carson has the opportunity to receive $12,000 now or $15,000 in four years. If Lisa can earn 6 percent on her investments, what is the present value of the $15,000 payment?   |  |  |  | | --- | --- | --- | |  | a. | $15,000 | |  | b. | $13,785 | |  | c. | $11,881 | |  | d. | $9,505 |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | $15,000 x 0.7921 from Appendix A.2 or $15,000 / 1.064 1.4 | | *DATE CREATED:* | 1/18/2017 3:29 AM | | *DATE MODIFIED:* | 1/18/2017 3:30 AM | |

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| 126. \_\_\_\_ is the current value of an asset that will be received in the future.   |  |  |  | | --- | --- | --- | |  | a. | Present value | |  | b. | Future value | |  | c. | A benefit | |  | d. | Inflation |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | it is also called the discounted value. 1.4 | | *DATE CREATED:* | 1/18/2017 3:30 AM | | *DATE MODIFIED:* | 1/18/2017 3:35 AM | |

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| 127. The present value of an annuity is the \_\_\_\_ worth of a stream of payments to be received in the future   |  |  |  | | --- | --- | --- | |  | a. | inflated | |  | b. | estimated | |  | c. | previous | |  | d. | current |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *DATE CREATED:* | 1/18/2017 3:35 AM | | *DATE MODIFIED:* | 1/18/2017 3:37 AM | |

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| 128. Which form of compensation is *not* considered an employee benefit?   |  |  |  | | --- | --- | --- | |  | a. | Paid holidays | |  | b. | Commissions | |  | c. | Health insurance | |  | d. | Retirement plan |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | commissions are cash payments. 1.5 | | *DATE CREATED:* | 1/18/2017 3:38 AM | | *DATE MODIFIED:* | 1/18/2017 3:39 AM | |

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| 129. Which of the following plans, often provided to workers by their employer, allows the employee to choose among a listing both tax-sheltered and non-tax-sheltered benefits?   |  |  |  | | --- | --- | --- | |  | a. | Cafeteria plan | |  | b. | Flexible spending accounts | |  | c. | Employer-sponsored qualified retirement plans | |  | d. | Health savings account |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | the employee can choose from a menu of employee benefits. 1.5 | | *DATE CREATED:* | 1/18/2017 3:39 AM | | *DATE MODIFIED:* | 1/18/2017 3:41 AM | |

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| 130. Paying expenses with pretax dollars   |  |  |  | | --- | --- | --- | |  | a. | increases taxable income. | |  | b. | increases take-home pay. | |  | c. | increases after-tax income. | |  | d. | is only a good idea for high income earners. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | because it reduces income taxes owed. 1.5 | | *DATE CREATED:* | 1/18/2017 3:41 AM | | *DATE MODIFIED:* | 1/18/2017 3:51 AM | |

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| 131. A flexible spending account (FSA) is   |  |  |  | | --- | --- | --- | |  | a. | a vehicle that allows employee-paid expenses for medical or dependent care to be paid with pretax dollars. | |  | b. | available through all employers. | |  | c. | funded by an employer. | |  | d. | taxable income received by the employee if not used by the end of the year. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | as such, an FSA reduces income taxes owed. 1.5 | | *DATE CREATED:* | 1/18/2017 3:52 AM | | *DATE MODIFIED:* | 1/18/2017 3:53 AM | |

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| 132. What statement is *not* accurate regarding participation in an HSA?   |  |  |  | | --- | --- | --- | |  | a. | A health savings account is intended for people who have a high-deductible health care plan. | |  | b. | Employees make tax-deductible contributions to their HSAs to be used for eligible expenses. | |  | c. | The employee invests HSA funds and the money in the account grows tax-free | |  | d. | Employers are prohibited from making contributions to their employees' HSA. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | choices a, b, and c are accurate. 1.5 | | *DATE CREATED:* | 1/18/2017 3:53 AM | | *DATE MODIFIED:* | 2/9/2017 12:06 AM | |

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| 133. A worker covered by a health care plan might have to pay the first $1000 of any health expenses during a year. This requirement is called the   |  |  |  | | --- | --- | --- | |  | a. | coinsurance | |  | b. | use-it-or-lose-it rule. | |  | c. | variance. | |  | d. | deductible. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | deductibles are a common feature of employer-sponsored health care plans. 1.5 | | *DATE CREATED:* | 1/18/2017 3:55 AM | | *DATE MODIFIED:* | 1/18/2017 3:57 AM | |

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| 134. In an employer-sponsored retirement plan, interest, dividends, and capital gains earned from the funds invested in the plan are taxed   |  |  |  | | --- | --- | --- | |  | a. | only after funds are withdrawn from the plan, if at all. | |  | b. | with each payment. | |  | c. | annually. | |  | d. | on a quarterly basis. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | this is why these plans are referred to a being tax-sheltered. 1.5 | | *DATE CREATED:* | 1/18/2017 3:57 AM | | *DATE MODIFIED:* | 2/9/2017 12:07 AM | |

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| 135. Which of the following is a way to receive free money to deposit into a tax-sheltered retirement plan?   |  |  |  | | --- | --- | --- | |  | a. | Start early to boost your retirement. | |  | b. | Take advantage of your employer's "match." | |  | c. | Making early withdrawals from a tax-sheltered retirement plan. | |  | d. | Opening an HSA. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | deciding not to make your own contributions into an employer’s plan that has a match is like turning down free money. 1.5 | | *DATE CREATED:* | 1/18/2017 3:59 AM | | *DATE MODIFIED:* | 1/18/2017 4:00 AM | |

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| 136. A single person with a monthly taxable income of $7,000 in the 28 percent marginal tax bracket forgoes consumption and instead places $450 into a tax-sheltered retirement plan every month. What are the *yearly* tax savings due to these retirement contributions?   |  |  |  | | --- | --- | --- | |  | a. | $1,120 | |  | b. | $5,400 | |  | c. | $1,512 | |  | d. | $1,316 |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s:Applying | | *OTHER:* | Analytic | | *NOTES:* | $5400 x 0.28 1.5 | | *DATE CREATED:* | 1/18/2017 4:00 AM | | *DATE MODIFIED:* | 1/18/2017 4:02 AM | |

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| 137. Which of the following is *not* an advantage of participating in your employer's retirement plan?   |  |  |  | | --- | --- | --- | |  | a. | Tax-deductible contributions | |  | b. | Employer's matching contributions | |  | c. | Tax-deferred growth | |  | d. | Higher take home pay |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | the goal of maximizing take home pay can have significant opportunity costs as indicated in choices a, b, and c. 1.5 | | *DATE CREATED:* | 1/18/2017 4:02 AM | | *DATE MODIFIED:* | 1/18/2017 4:03 AM | |

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| 138. Employer-sponsored retirement plans include all of the following EXCEPT   |  |  |  | | --- | --- | --- | |  | a. | 401(k). | |  | b. | 403(b). | |  | c. | 457. | |  | d. | IRA. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | an IRA is a plan that an individual sets up for his or herself. 1.5 | | *DATE CREATED:* | 1/18/2017 4:03 AM | | *DATE MODIFIED:* | 4/3/2018 12:05 PM | |

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| 139. Which of the following statement(s) is (are) correct?   |  |  |  | | --- | --- | --- | |  | a. | Fee-only planners sell financial products, such as stocks or insurance. | |  | b. | Commission-only financial planners/brokers live solely on the commissions they receive on the financial products (such as investments or insurance) they sell to their clients. | |  | c. | Fee-only financial planners may benefit from steering a client to a specific financial product. | |  | d. | From the point of view of the client there is no difference between a fee-only planner and a commission-only planner. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *REFERENCES:* | Identify the professional certifications of providers of financial advice | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | this is why one must be careful to understand that the planner has a conflict of interest with their clients. 1.6 | | *DATE CREATED:* | 1/18/2017 4:05 AM | | *DATE MODIFIED:* | 2/9/2017 12:08 AM | |

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| 140. If you receive tax-sheltered income, it means that   |  |  |  | | --- | --- | --- | |  | a. | you will never have to pay taxes on the income. | |  | b. | the income has already been taxed. | |  | c. | the taxes on the income will be deferred until a later date. | |  | d. | taxes will be assessed on the state rather than federal level. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Understanding | | *OTHER:* | Analytic | | *NOTES:* | but deferred taxes are usually better than paying taxes immediately. 1.5 | | *DATE CREATED:* | 1/18/2017 4:06 AM | | *DATE MODIFIED:* | 1/18/2017 4:08 AM | |

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| 141. A condition of stagnant economic growth and high unemployment accompanied by rising prices is called   |  |  |  | | --- | --- | --- | |  | a. | stagflation. | |  | b. | deleveraging. | |  | c. | implosion. | |  | d. | inversion. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | stagflation is particularly bad because wage increases cannot keep up with inflation. 1.2 | | *DATE CREATED:* | 1/18/2017 4:08 AM | | *DATE MODIFIED:* | 1/18/2017 4:09 AM | |

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| 142. During a recession, people and business are likely to engage in \_\_\_\_\_\_\_\_\_\_\_\_; meaning that their use of credit will decrease.   |  |  |  | | --- | --- | --- | |  | a. | leveraging. | |  | b. | deleveraging. | |  | c. | compounding. | |  | d. | tax-sheltering. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | people recognize that borrowed funds may be difficult to repay during a recession. 1.2 | | *DATE CREATED:* | 1/18/2017 4:09 AM | | *DATE MODIFIED:* | 2/9/2017 12:14 AM | |

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| 143. Occasionally, the economy will dip into a trough before it has reached a new peak after a previous trough. This phenomenon is called a   |  |  |  | | --- | --- | --- | |  | a. | depression. | |  | b. | recession. | |  | c. | double dip recession. | |  | d. | stagflation. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Understand how the economy affects your personal financial success | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | this can occur due to weak wages and demand in a slow growth expansion. 1.2 | | *DATE CREATED:* | 1/18/2017 4:11 AM | | *DATE MODIFIED:* | 2/9/2017 12:15 AM | |

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| 144. A method by which one can compare cash flows across time, either as what a future cash flow is worth today (present value) or what an investment made today will be worth in the future (future value) is called   |  |  |  | | --- | --- | --- | |  | a. | time-value of money. | |  | b. | compounding. | |  | c. | simple interest. | |  | d. | marginal analysis. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Perform time value of money calculations in personal financial decision making | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | it recognizes that money received at differing points in time cannot be compared directly. 1.4 | | *DATE CREATED:* | 1/18/2017 4:16 AM | | *DATE MODIFIED:* | 2/9/2017 12:18 AM | |

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| 145. The most recognized professional designation held by financial planners is the   |  |  |  | | --- | --- | --- | |  | a. | NAPFA Registered Financial Advisor (NRFA). | |  | b. | Certified Financial Planner (CFP). | |  | c. | Certified Public Accountant (CPA). | |  | d. | Accredited Financial Counselor (AFC). |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Identify the professional certifications of providers of financial advice | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | there are over 70,000 CFP certificates. 1.6 | | *DATE CREATED:* | 1/18/2017 4:28 AM | | *DATE MODIFIED:* | 9/21/2017 6:46 AM | |

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| 146. A financial planner who makes recommendations solely based on the best interest of the client regardless of the impact on the planner is said to adhere to a   |  |  |  | | --- | --- | --- | |  | a. | fiduciary standard. | |  | b. | fee-only standard. | |  | c. | commission-only standard. | |  | d. | suitability standard. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Identify the professional certifications of providers of financial advice | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Identify the professional certifications of providers of financial advice | | *OTHER:* | Analytic | | *NOTES:* | always ask your financial planner if he/she adheres to a fiduciary standard. 1.6 | | *DATE CREATED:* | 1/18/2017 4:30 AM | | *DATE MODIFIED:* | 9/21/2017 2:41 AM | |

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| 147. Which of the following is primarily intended for those workers who select the high-deductible health plan (HDHP) offered by their employer?   |  |  |  | | --- | --- | --- | |  | a. | Flexible spending account (FSA) | |  | b. | Cafeteria plan | |  | c. | Health savings account (HSA) | |  | d. | Tax-deferred plan |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Make smart money decisions about your employee benefits | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | an HAS provides a mechanism for tax-sheltered savings to pay for the higher deductibles of an HDHP. 1.5 | | *DATE CREATED:* | 1/18/2017 4:33 AM | | *DATE MODIFIED:* | 1/18/2017 4:34 AM | |

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| 148. A financial advisor who is also a broker-dealer is held to a   |  |  |  | | --- | --- | --- | |  | a. | fiduciary standard. | |  | b. | fee-only standard. | |  | c. | commission-only standard. | |  | d. | suitability standard. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Identify the professional certifications of providers of financial advice | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *KEYWORDS:* | Bloom’s: Remembering | | *OTHER:* | Analytic | | *NOTES:* | always ask your financial planner if he/she adheres to a fiduciary standard. 1.6 | | *DATE CREATED:* | 1/18/2017 4:43 AM | | *DATE MODIFIED:* | 9/21/2017 3:00 AM | |